

## **EXHIBIT 3**

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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

v.

10 Cr. 228 (LTS)

DANIEL BONVENTRE,  
JEROME O'HARA,  
GEORGE PEREZ,  
ANNETTE BONGIORNO,  
JOANN CRUPI,

Jury Trial

Defendants.

New York, N.Y.  
December 5, 2013  
9:10 a.m.

Before:

HON. LAURA TAYLOR SWAIN

District Judge

APPEARANCES

PREET BHARARA  
United States Attorney for the  
Southern District of New York  
MATTHEW L. SCHWARTZ  
RANDALL W. JACKSON  
JOHN T. ZACH  
Assistant United States Attorneys

GORDON MEHLER  
SARAH LUM  
Attorneys for Defendant O'Hara

LARRY H. KRANTZ  
KIMBERLY A. YUHAS  
Attorneys for Defendant Perez

APPEARANCES

ANDREW J. FRISCH

GARY VILLANUEVA

AMANDA BASSEN

Attorney for Defendant Bonventre

ROLAND G. RIOPELLE

Attorneys for Defendant Bongiorno

ERIC R. BRESLIN

MELISSA S. GELLER

Attorneys for Defendant Crupi

DiPascoli - direct

A. Bernie, Annette and Jodi and, to a certain extent, myself.

Q. And how did you participate in re-doing the ACF statements?

A. I provided an array of U.S. treasury notes and researched historical pricing mechanisms and fed information to Annette.

Q. And when you say you provided treasury notes, did you go out and buy real treasuries to put in the ACF accounts?

A. No.

Q. Are you again speaking of just providing information for fake trades?

A. Correct.

Q. I'd like to show you what has -- what is in evidence as Government Exhibit 105-B17. Now, do you recognize, Mr. DiPascali, what type of document this is?

A. Yes.

Q. What is it?

A. It's a brokerage statement for the period ending January 31st, '02, for ACF services that has been crossed out.

Q. And who was managing the ACF accounts?

A. Annette.

Q. What year is this account statement from?

A. 2002.

Q. Now, I'd like, if we can, Ms. Baskin, to go to Page 121 of this document. And, Mr. DiPascali, looking at this document,

A. Yes.

A. Yes.

A. Yes.

A. She wouldn't typically say what she needed it for.

A. I need a treasury bill for this month.

Q. And when you would go to Bloomberg, would you look at

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A. Yes.



DiPascoli - direct

A. Certainly.

A. She would put through a buy ticket that was approximately equal to the cash credit balance reflected in the account she was working on, and it would produce a confirmation and an entry on the customer statement that he was now -- owned treasuries.

A. No.

A. Some.

A. Peter Madoff, Marion Madoff, Ruth Madoff, Andy Madoff, Mark Madoff, Shana Madoff, Charlie Wiener. I might have missed a nephew somewhere, yeah.

A. Bernie's nephew.

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A. Backwards.

1 Bernie's feeling was that that was very risky. He was upset.  
2 He claimed he had not known that Tony had been doing this all  
3 of these months or years.

4 Q. Just so we are clear, we are talking about the Chase 703  
5 account, right?

6 A. Correct.

7 Q. The Chase 703 account was the main checking account for the  
8 investment advisory business, right?

9 A. It was.

10 Q. The securities that were being purchased by Mr. Tiletnick  
11 were a way of earning interest on that checking account, right?

12 A. It was.

13 Q. These were real securities that we are talking about?

14 A. These CDs were issues of offshore entities of our bank.

15 Q. Did Mr. Madoff propose a solution for how to deal with  
16 this?

17 A. He either already had an account or two open or was about  
18 to open a new account or a series of them, I don't recall. He  
19 was basically giving that responsibility to me. He wanted  
20 treasury notes, treasury bills only. As the CDs would get  
21 unwound or, I don't remember, they might have unwound them  
22 immediately, I'm not sure, but in short order I managed a group  
23 of Bernard L. Madoff brokerage accounts that were held at other  
24 brokerage firms for the purpose of purchasing short-term U.S.  
25 government securities.

1 Q. These short-term U.S. securities were real, right?

2 A. Yes.

3 Q. This was just a way of getting interest on the real cash  
4 that was in the 703 account?

5 A. Yes.

6 Q. What were some of the firms that you now had responsibility  
7 for that had these brokerage accounts?

8 A. Bear Stearns, Fidelity, Bank of New York, Morgan Stanley,  
9 Lehman Brothers.

10 Q. We talked a little bit about this earlier, when you were  
11 buying these short-term securities, what steps would you have  
12 to take to buy these real securities on those brokerage  
13 accounts?

14 A. I typically picked up the phone and called the broker or  
15 the representative of each of those organizations and  
16 communicated my needs. Then he typically got or she typically  
17 got back to me and told me what I had done. Sometimes those  
18 conversations occurred in the form of faxes. Most of the time  
19 they were on the telephone.

20 Q. This was different than just looking at historical prices  
21 and writing something up for the fake trades, right?

22 A. Yes.

23 Q. Prior to taking on this responsibility with respect to the  
24 treasuries, had you had much involvement with the Chase 703  
25 account?

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101-57H . . . . .	.5013
105-F27 . . . . .	.4906
105-D28 . . . . .	.4940
300-4A . . . . .	.4927

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APPEARANCES

ANDREW J. FRISCH

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AMANDA BASSEN

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Attorneys for Defendant Crupi

1 Q. Ms. Crupi was helping you prepare these documents for KPMG  
2 London coming back in?

3 A. Yes.

4 Q. Let's look at what is in evidence as Government Exhibit  
5 105-C171. Can we go slowly through the three pages of this  
6 document, Ms. Baskin.

7 Do you see those three pages, Mr. DiPascoli?

8 A. I do.

9 Q. What are we looking at?

10 A. The first page is something that I probably printed to get  
11 a handle on what the industry standard would be in order to  
12 collateralize an option position. I don't know what manual I  
13 took that from. It might have been from the Internet, it might  
14 have been from Bear Stearns, it might have been from any number  
15 of sources. The point of what I would be reading there would  
16 be how to margin or collateralize an option. This is the  
17 calculation. That box in the middle was the answer to my  
18 question.

19 Q. Whose handwriting is on this page?

20 A. Mine.

21 Q. When you say collateralize, does that mean in essence to  
22 back up or to offer some protection to your counterparty?

23 A. Exactly that.

24 Q. Now can we go to the second page of this document. What is  
25 this that we are looking at?



1 A. It's a spreadsheet that I created that was going to be the  
2 nuts and bolts of this exercise. It was going to do a lot of  
3 the calculation for me and allow the process to progress  
4 swiftly instead of from month to month to month and client to  
5 client to client calculate all sorts of stuff, and then have to  
6 then create another side to that.

7 This spreadsheet, which is an Excel-based spreadsheet,  
8 is identifying certain treasury bills across the top column.  
9 The top row is the CUSIP of treasury bills and options. The  
10 second row are the symbols of options and then a string of  
11 treasury bills.

12 Going on the far left column are a string of account  
13 numbers. Those are the accounts that Bernie told us he wanted  
14 to use to be the counterparties of the customer option  
15 positions. What this is doing is it's allowing me to randomly  
16 assign, once I know the total of my customer option positions,  
17 a quantity to each of those counterparties. Then, once I've  
18 randomly defined what each counterparty's position is, this is  
19 calculating what its margin or collateral requirement would be.

20 Once I established that, this spreadsheet allows me to  
21 randomly pick a group of treasuries that were going to  
22 represent that collateral, and then the whole total number  
23 would circle back to what I needed. It's fairly complicated,  
24 but it did all the grind work necessary to accomplish what  
25 Bernie wanted.

1 Q. Were any of the treasury bills that are reflected on this  
2 real?

3 A. No.

4 Q. Would it be fair to say that this essentially divvies up  
5 amongst the client accounts Mr. Madoff provided to you to  
6 collateralize the other sides of the option trading, that this  
7 document divvies up the treasuries going to each one of those  
8 accounts?

9 A. It first divvies up what their theoretical option position  
10 would be, and based on that it assigns an array of treasuries  
11 that would collateralize it.

12 Q. Let's go to the next page. Can we blow up the relevant  
13 part of this. What does this document show?

14 A. Those same account numbers that were in the far left column  
15 going down in a grid with a series of checks.

16 Q. Have you ever seen this document before?

17 A. Briefly.

18 Q. Whose handwriting is on this document?

19 A. Jodi's.

20 Q. Looking at the checks, do you understand what those  
21 reflect?

22 A. Not exactly, but in concept yes.

23 Q. What in concept does it reflect?

24 A. It's got something to do with how many times --

25 MR. BRESLIN: Objection.

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GOVERNMENT EXHIBITS

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101-114 and 101-12 . . . . .	.5253
3501-33 . . . . .	.5243

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2 SOUTHERN DISTRICT OF NEW YORK

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Q. How about treasuries?





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PLAINTIFF EXHIBITS

Exhibit No.	Received
101-57I . . . . .	.6944

DEFENDANT EXHIBITS

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AB20A, 20B and 20C . . . . .	.7056
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